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SOURCE Wen-hui Pao.

ADMINISTRATION COUNCIL PASSES RULES ON  
UNIFICATION OF STATE-OPERATED TRADE ENTERPRISES

Peiping, 14 March (Hsin-hua) -- To unify state-operated trade and accomplish the plans of the nation for foreign trade, to guide domestic markets, to regulate national and local supply and demand, and to push forward the recovery and expansion of production industries, the Administration Council of the Central People's government passed the following regulations, on 10 March 1950.

A. National Trade Agencies

1. The Ministry of Trade of the Central People's government is the supreme authority for the direction of state-operated trade, cooperative trade, and private trade. All provincial and city government trade organizations will be under the joint direction of the Central People's Government Ministry of Trade and the concerned regional finance and economic commission.

2. Under the leadership of the Central Ministry of Trade there shall be established the following special domestic trading companies, national in scope:

General Grain Trading Corporation

General Cotton Cloth Corporation

General Merchandise Corporation

General Salt Corporation

General Coal Corporation (also handles building materials)

General Domestic Products Corporation

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3. Under the leadership of the Central Ministry of Trade there shall be set up the following special general corporations, national in scope, to handle foreign trade.

General Hog Bristles Corporation

General Domestic Products Export Corporation

General Oil and Fats Corporation

General Import Corporation

General Tea Corporation

General Mine Products Corporation

4. The general corporations listed under items two and three above shall set up district corporations in each regional administrative district. These district corporations shall be under the codirection of the general corporations and the Ministry of Trade.

5. In each province there shall be established three provincial companies; namely, a Grain Company, a General Merchandise Company, and a Domestic Products Company. These provincial companies shall be under the joint direction of the district corporations and the provincial people's government trade-control authority.

6. Wholesale trade, under state operation in all the large cities, shall be under the immediate direction of the various general corporations or the district corporations. State-operated retail trade shall be under the direction of the trade authority of the people's municipal governments. The governments of the cities shall set up state-operated retail outlets and, in case of necessity, shall establish municipal trust companies under the direction of the trade authority of the municipality. The relationships among the municipal state-operated retail outlets, the trust companies, and the special corporations shall be purely business relationships.

#### B. Functions of Various National Trade Organizations

7. The functions of the various trade organizations under the direction of the Central Ministry of Trade are:

a. To plan for state-operated trade and trading cooperatives within the framework of the general financial and economic plans of the Administration Council of the Central People's government, and to carry out those plans after approval by the Administration Council.

b. To approve and supervise the carrying out of the business and financial plans of the various special trading corporations.

c. To control and arrange the distribution of the capital and inventories of all the state-operated trading organizations.

d. To set the wholesale prices in the markets of all the cities of the country for the state-operated trading corporations.

e. To guide private business throughout the country, and to guide the people's governments on all levels in their control of the markets.

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f. To issue regulations governing accounting procedures for the trade organizations.

8. The functions of the special trading corporations of national scope are:

a. To develop business and financial plans for the special trading corporations, subject to the approval of the Ministry of Trade.

b. To determine the organizational structure and personnel requirements of the special trading corporations subject to the approval of the Ministry of Trade.

c. To control and arrange distribution of the capital assets and working capital of the special general corporations.

d. To carry out a unified accounting and reporting system.

9. The functions of the trade authorities in the regional administrative district and provincial people's government are:

a. To guide and protect the various administrative district and provincial trading companies in carrying out and fulfilling the business and financial policies of the national special trading corporations and to supervise them in carrying out the policies of the People's government.

b. To assist in promoting the mutual relationships and organizing the various steps in their work.

c. To provide and direct transfers of cadres in district and provincial trading companies and to control the living conditions and education of the workers in the various companies.

d. To set the wholesale and retail prices for the state-operated trading companies in the local markets of the administrative districts and provinces.

e. To guide private business in the administrative district and provinces and regulate market controls.

C. Basic Principles for Control of Capital in State-Operated Trade

10. Each special trading corporation under the leadership of the Ministry of Trade shall be an economic unit. It shall have fixed and working capital as determined for the administrative district and provincial trading companies by the Special General Trading Corporations. It shall not be within the competence of the various administrative district, provincial, or city trade control organizations to determine such capital. What is determined upon by the Ministry of Trade of the Central government in this respect shall be carried out by the special general trading corporations. In the most important cases, the administrative district trade ministries shall be simultaneously notified.

11. The Ministry of Trade of the Central People's government deputizes the People's Bank to act as its treasury in all cities and hsien throughout the country.

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12. The special corporations in the various regional administrative districts throughout the country, the provincial corporations, and their branches, shall present monthly, quarterly, and annual estimates of their needs for purchases, taxes, warehouse construction, management expenses, and payroll expenses to the special general corporations. The special general corporations shall make a monthly audit of these estimates and report to the Ministry of Trade of the Central People's government, which shall issue a directive to the treasury, after consideration, for the payment of each individual request.

13. Throughout the whole country all regional administrative district special corporations, provincial companies, and all their branches shall deposit all their cash receipts from sales and all other sources in the treasury daily. In case distance from the treasury precludes deposit on the day of receipt, a plan to care for the matter shall be set up based on the distance. All local trade treasuries shall report their daily income to the general trade treasury. The district, provincial, and branch trading companies shall also report daily to the central treasury the amount they have deposited in the local treasury.

14. No funds which have been deposited in the trade treasury shall be disbursed except upon written order from the central trade treasury.

D. Basic Principles Governing Distribution of National Resources

15. The relations of the Central Government Ministry of Trade with the other ministries of the government concerning the distribution of natural resources shall be based on the natural resources distribution section of the national financial and economic plan. Conferences shall be held between the Ministry of Trade and other ministries concerned with the distribution of natural resources. After such conferences, the special general trading corporations shall make contracts with the agencies of the various ministries for the distribution of natural resources, according to the general principles and the results of the conferences.

16. The various special trading companies under the leadership of the Central Government Ministry of Trade shall determine the distribution of goods among them and make contracts relative thereto through the special general trading corporations, according to the plans approved by the Ministry of Trade.

17. The distribution of goods among the various provincial trading companies directed by the various special general trading corporations shall be contracted after consultation on the basis of the plans set up by the special general trading corporations.

18. All contracts for the distribution of resources shall explicitly state the general classification, quantity, specifications, price, transport, packaging, and all other necessary details. Contracts once entered into shall be scrupulously observed by both parties thereto.

19. No contracts among state-operated agencies relative to the transfer of resources or contracts between such agencies and state-operated transportation agencies shall include payment of cash. All payments shall be by book accounts or checks to be cleared through the banks.

E. Steps in Carrying Out Above Methods

20. Until the various special general trading corporations shall have been established, the above regulations shall not be in effect for transfer

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of goods and funds among state-operated enterprises. The previous plan by which the regional district trade ministries execute the orders of the Central Trade Ministry shall continue to prevail.

21. The date of the establishment of the special general trading corporations shall be announced by the Central Government Ministry of Trade. From that date forward all transfers of goods and capital among state-operated trade agencies shall be carried on under the direction of the special general trading corporations. All merchandise and original capital of all state-operated enterprises in the various districts shall be taken over and operated by the special general trading corporation under whose jurisdiction such enterprises naturally fall.

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